

Washington, DC — On Wednesday, Congressman Joe Sestak (PA-07), who is Vice-Chairman of the Small Business Committee, announced passage of H.R. 1361, the RECOVER Act, to assist small businesses impacted by natural disasters.

“Last weekend’s storm, in which we were deluged with 5.5 inches of rain illustrates how quickly our homes and businesses can be negatively impacted by nature,” stated Congressman Sestak. “I am proud to have worked on the RECOVER Act which improves the Small Business Administration’s preparation and ability to assist small business owners following natural disasters.”

After Hurricane Katrina, a number of problems were uncovered with the Small Business Administration's (SBA) preparation and ability to assist entrepreneurs following a disaster. During that time, there were significant application backlogs, ballooning to 204,000 unprocessed applications by December 2005. And those that actually were approved for assistance often waited months to receive any funds. For those that did get approved, the average wait time to receive their loan was 74 days, much longer than the SBA's goal of 21 days.

H.R. 1361, the RECOVER Act of 2007, corrects these problems by providing for thorough disaster planning and directing SBA to ensure they are prepared for a wide range of disasters. This legislation will streamline SBA's loan processing and disbursement, as well as establish a bridge financing program. Specifically, it requires that within 36 hours of a disaster, qualified small businesses are provided with emergency small dollar financing, allowing them to stay in business and spur economic growth.

“For small businesses, success and failure often come down to adequate financing. Nowhere is that more true than following a disaster,” added Joe. “The changes made in this bill will ensure we avoid the mistakes from the past where 62 percent of small businesses who applied for assistance after Hurricane Katrina were not approved.”

H.R. 1361 also provides for gulf coast small business owners who still need assistance by establishing a grant program that allows the SBA to help the most significantly damaged small businesses that have been rejected for a conventional SBA loan. These grants are intended to spur redevelopment in communities directly affected by the 2005 gulf coast storms where ordinary market forces are simply not enough. They will be granted under limited circumstances to provide aid to only the neediest of entrepreneurs that meet a number of qualifications.

The legislation also fixes SBA's one-size-fits-all approach to the disaster loan process that has failed businesses in the past by providing the SBA administrator with the authority to waive the prohibition on duplication of benefits for the 2005 hurricane victims. Taking state-administered grant assistance and replacing it with loans that are not disbursed efficiently or in adequate amounts have left entrepreneurs without assistance to build their homes. Small businesses should not have to choose between their home and their business. This bill makes sure they are not faced with that choice.

"The RECOVER Act of 2007 modernizes and reforms the SBA's disaster programs and ensures that we will be ready for the next natural disaster that will inevitably occur," stated Joe.

As Vice Chairman of the Small Business Committee, Congressman Sestak has worked to support new and small businesses through open access to loans, credit and capital, advocates fair and true tax relief for small business, and work to reduce onerous regulations and paperwork. Recently, he held a summit on Economic Development, which brought together local chambers of commerce, business owners, economic development professionals, elected officials, union leaders, and members of the higher education and advanced training communities to discuss and work on strategies to enhance the local and regional economy. And he and Chairwoman Nydia Velazquez of the Small Business Committee are holding an additional economic summit in June to help address the needs of our local economy. Congressman Sestak has cosponsored the Family Small Business Tax Fairness Act (H.R. 868) with Congressman Lloyd Doggett (D-TX) to streamline small business joint-tax filings and through his work on the Education and Labor Committee he helped increase the federal minimum wage to \$7.25 an hour by joining Chairman George Miller in introducing and voting on the Fair Minimum Wage Act (H.R. 2).

H.R. 1361, the RECOVER Act, passed by a vote of 267 to 158.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "DeepBlue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. □ According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.*

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